

# EXHIBIT B

**Statement of Investment Policy**  
**for the Compass SmartInvestor 401(k) Plan**  
**and the Compass SmartInvestor Retirement Plan**

*Approved by the Retirement Committee: September 19, 2008*

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## Purpose

### Purposes of the Plans

The purpose of the Compass SmartInvestor 401(k) Plan (the "401(k) Plan") is to provide a tax-deferred retirement savings vehicle to which both employees and Compass Bancshares may contribute to help provide for the post-retirement financial security of employees. Similarly, the Compass SmartInvestor Retirement Plan (the "SRP") is intended to provide a tax-deferred retirement savings vehicle to which Compass Bancshares may separately contribute to help provide for the post-retirement financial security of employees. The 401(k) Plan and the SRP are collectively referred to herein as the "Plans."

The Plans are tax-qualified employee benefit plans intended to comply with all applicable federal laws and regulations, including the Internal Revenue Code of 1986, as amended, and the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. Also, it is intended that the 401(k) Plan satisfy the requirements of Section 404(c) of ERISA applicable to defined contribution plans.

The Plans provide benefits to participants based solely on the amount contributed to each participant's account, plus or minus any income, expenses, and gains/losses. Participants may contribute to the 401(k) Plan voluntarily. Participants direct the allocation of their contributions, any rollover contributions, and earnings in their individual accounts. They select from among the available investment options as determined by the Retirement Committee.

### Purpose of Investment Policy

The purpose of this Statement of Investment Policy (this "Policy") is to define the investment policy for the Plans. This Policy identifies a set of investment objectives, guidelines and performance standards for the assets of the Plans. Specifically, this Policy:

- Defines the investment objectives;
- Defines the roles of those persons responsible for the Plan's investments;
- Describes the number and type of investment options offered;
- Establishes the process of choosing investment vehicles to represent the investment options;
- Provides for diversification among asset classes and within investment vehicles; and
- Provides for the ongoing supervision of Plan assets, including responsibility for:
  - reviewing the investment options and investment characteristics of the investment vehicles offered,
  - monitoring the actual investment vehicles offered, and
  - making decisions regarding the addition, replacement or elimination of the actual investment vehicles or investment managers of the assets underlying each vehicle.

This Policy represents the formal document for the investment of Plan assets arising from the Plans and is to be communicated to the investment managers for their use in developing an appropriate investment program and to the Trustee for its use in exercising fiduciary responsibility in overseeing the Plan. This Policy also will be used as the basis for future investment performance measurement and evaluation of all investment options for the Plans.

## Responsible Parties and Fiduciary Duties

### Board of Directors

The Board of Directors of Compass Bancshares, Inc. has oversight responsibility for the Plans. The Board of Directors must act prudently and for the exclusive benefit of the Plans' participants and their beneficiaries. The Board of Directors may delegate any authority or responsibility to a committee.

### Retirement Committee

With respect to management of the Plans, oversight responsibility of the Board of Directors has been delegated to a committee (the "Retirement Committee"). The Retirement Committee is comprised of individuals appointed by the Board of Directors. Specifically, the Retirement Committee's responsibilities include the following:

- Developing an investment program that offers a diversified range of funds;
- Identifying investment options (i.e., types of funds) which it deems appropriate and prudent to make available to plan participants;
- Selecting qualified investment managers and/or funds, which fulfill the criteria of the identified investment options;
- Selecting a Qualified Default Investment Alternative (QDIA) in accordance with the Pension Protection Act of 2006;
- Providing contribution and benefit information to the Recordkeeper as appropriate;
- Monitoring investment results by means of regular reviews and analyses to determine whether those responsible for investment results are meeting the guidelines and criteria identified in this Policy;
- Providing Plan participants with copies of prospectuses or other informational items as required by, and maintaining compliance with, the rules and regulations issued by the Department of Labor pursuant to Section 404(c) of ERISA; and
- Deciding on and taking appropriate action if objectives are not being met or if policies and guidelines are not being followed.

### Investment Consultant

The Retirement Committee may retain the services of a third-party Investment Consultant to provide expert advice and recommendations to help discharge its fiduciary responsibility in furtherance of the Plans' goals and objectives.

### Recordkeeper

The Retirement Committee has delegated to a recordkeeper the responsibility of maintaining participant accounts. Specific responsibilities of the recordkeeper include:

- Maintaining and updating an employee database which will include employee data, Plan participation data, fund election information and individual account balances;
- Reconciling all contributions to Plan deposits at least monthly, reconciling fund and participant account balances with the Trustee at least quarterly, and monitoring Internal Revenue Code and Plan contribution limits;

- Ensuring that deposits have been properly allocated to specific investment funds according to participant selections;
- Providing individual participants, within four weeks of each Plan quarter end, with written statements detailing beginning balances, transactions, contributions, withdrawals, income credited, gains/losses, and ending balances, and periodic performance information for the investment vehicles;
- Calculating participant distributions and issuing benefit payments; and
- Providing a monthly summary valuation report for the Plans consisting of:
  - Commentary
  - Analysis of income determination
  - Analysis of Plan contributors
  - Analysis of Plan assets
  - Reconciliation of participant accounts to Plan assets
  - Distribution report

### **Fund Managers**

Each fund manager assumes the following responsibilities:

- Exercising full discretionary authority over all buy, hold and sell decisions for each security under management subject to the investment parameters as defined herein; and
- Exercising all voting rights on securities acquired in which the Plan has an interest, with the intent of fulfilling the Plans' policies.

## Objectives and Investment Structure

### Investment Objectives

The primary investment objectives of the Plans are to offer a set of investment options such that:

- Sufficient options are offered to allow participants to build portfolios consistent with their investment risk/return,
- Each option is adequately diversified,
- Each option has a risk profile consistent with its position in the overall structure,
- Each option is managed so as to implement the desired risk profile and other investment characteristics.
- Each option has expenses that are reasonable in relation to its peer group and in light of its performance within its peer group.
- Each option performs competitively within its peer group.

### Investment Structure

In seeking to achieve diversity in the investment options offered, the following technical factors are established to classify and define potential investment options:

- A distinct definable market and the availability of a widely used and understood benchmark;
- A distinct risk and return profile as exhibited by historical return analysis; and
- Use of a distinct management style that is definable in terms of the investment strategies/methodologies utilized (i.e., passive versus active management, core versus value).

With respect to the 401(k) Plan, Compass Bancshares intends to meet the requirements of ERISA's Section 404(c). A broad range of investment options is therefore provided, each with materially different risk and return characteristics, that will enable a participant to construct a portfolio that, in the aggregate, will meet his/her own individually desired risk and return characteristics and investment goals through separate, diversified investment vehicles.

## Selection of Investment Options

### Selection of Investment Options and/or Underlying Vehicles

Compass Bancshares reserves the right to add, delete, or replace options or the vehicles representing each option based upon market conditions, consultant input, participant response, inability to meet performance guidelines outlined in this Policy, or other factors affecting the continuing viability of the overall investment program.

Either separately managed portfolios, commingled funds, or mutual funds may be used to represent the investment options. The specific investment vehicles (typically mutual funds) chosen by the Retirement Committee must have appropriate investment characteristics and be managed by organizations, which, by their record and experience, have demonstrated their exercise of fiduciary responsibility and their investment expertise. Notwithstanding the foregoing, it is the intention of the Retirement Committee to afford relevant participants in the Plans with the discretion to maintain existing BBVA ADSs held in the respective Company Stock Funds, which is no longer an active investment option in the Plans.

Such investment vehicles also should:

- Have at least \$250 million in assets under management. Small cap funds are excluded from this requirement, provided that the fund advisor has at least \$250 million in assets under management.
- Be well diversified so that no more than 5% of the portfolio is invested in any one company valued at cost and no more than 10% of the portfolio is invested in any one company valued at market. Likewise, appropriate risk controls should be in place with respect to sector and industry weightings relative to an appropriate benchmark.
- Employ an investment process that is well defined.
- Invest in securities consistent with the vehicle's strategy.<sup>1</sup>
- Be supported by qualified personnel and appropriate resources.
- Have a minimum of 5 years of verifiable investment performance information.<sup>2</sup>
- Remain fully invested except as a temporary defensive measure during periods of unusual market activity. The typical cash equivalent position is expected to be less than 15% and the average cash position over rolling three-year periods is expected to be less than 10%.
- Have acceptable volatility relative to an appropriate benchmark index. Greater volatility than the benchmark should be commensurate with a higher return.
- Have competitive returns versus an appropriate benchmark index and peer group.
- Have an expense ratio comparable to other vehicles within its peer group.
- All mutual funds will be subject to the investment guidelines as set forth in their prospectuses.

<sup>1</sup> For instance, large cap growth vehicles should primarily focus on large cap stocks with growth-oriented characteristics.

<sup>2</sup> For this purpose, where a fund has less than 5 years of history but historical performance is available for a portfolio of securities or a composite of separate accounts managed by the same investment managers with substantially the same investment objectives and policies, such history may be considered by the Committee as satisfying the 5-years-of-history requirement. Vehicles with less than 5 years of history will be considered for small cap mandates where strategies often close quickly due to liquidity constraints. A minimum of 3 years of history is preferred for these mandates.



## Replacement of Investment Managers

### Replacement of Investment Managers Representing Options and/or Vehicles

Investment managers may be placed on “watch” status, replaced, or eliminated whenever the Retirement Committee loses confidence in the management of the strategy or when the current style is no longer deemed appropriate by the Retirement Committee. The following are some examples of reasons for termination or placing an investment manager on the watch list.

- Change in organizational structure or personnel – A significant change in culture through a merger or acquisition that is likely to distort incentives and promote turnover; or if the investment team leaves the firm.
- Changes in investment strategy – The manager departs from the strategy that it was originally hired to implement. Strategy changes that may place a manager on the watch list include, but are not limited to:
  - a significant change in the investment process such as a switch from a quantitative process to a fundamental one,
  - consistently investing a significant amount of assets in cash (20%+) versus staying fully invested, and
  - investing a significant amount of assets in a different segment of the market than originally intended (e.g., a small cap manager investing more heavily in large cap stocks).
- Performance – Continued performance shortfalls versus the peer group or benchmark outlined in the Performance Guidelines section of this Policy.

### Placement on Watch Status

The Retirement Committee will monitor the formal probationary period under the following guidelines:

- Any manager that under-performs on a risk-adjusted basis, as measured by the Sharpe ratio, both the median in the peer universe and market index over the most recent market cycle (3 or 5 years) will be placed on watch. For the managers that do not have a 3-year track record, the manager composite performance will be used for evaluation. The manager also may be placed on watch within a lesser period if the strategy deviates from the universe and benchmark dramatically and in a manner that would not have been expected given the tracking error expectations of the strategy.
- The watch period will be established for the next four quarters, for a one-year total watch duration.
- Within one quarter from the time when a manager is placed on watch, interview (or have the Plan’s Investment Consultant interview) the investment manager to determine if risk-adjusted performance is suitably and reasonably explained and continue to watch performance over the remaining three quarters of the watch period.
- If, at the end of the watch period, risk-adjusted performance has improved to above the benchmark or above median manager of the fund’s peer group over a market cycle (3 or 5 years), the fund will be removed from the watch list.
- If, at the end of the watch period, the fund is under-performing both objectives on a risk-adjusted basis (in effect, four consecutive rolling time periods of non-compliance), the Committee will have three options:

1. Immediately terminate the manager/fund.
2. Begin a search for a replacement manager/fund and extend the watch period.
3. Interview the investment manager to determine if performance is suitably and reasonably explained and continue the watch period for some specified number of quarters.

## Investment Options and Performance Guidelines

A general description of the investment options to be offered in the Plans and the benchmark(s) and peer groups to be used for performance measurement purposes are outlined below. Failure to meet any of the above performance standards can trigger a review of the investment vehicle or option by the Retirement Committee. Unless otherwise stated, the investment options are available in both the 401(k) Plan and the SRP.

### Money Market

The fund will invest in a variety of interest-bearing instruments – such as commercial paper, U.S. Treasury Bills and CDs from large banks – that mature in 13 months or less. The objective of this option is to provide maximum current income consistent with liquidity and stability of principal.

**Fund:** Goldman Sachs Financial Square Prime Obligations

**Benchmark:** T-bills – 3 Months

**Peer Group:** N/A

### Stable Value

This portfolio will be invested in high-grade short term fixed income securities and cash equivalents, and/or well-diversified guaranteed investment contracts and bank deposit investment contracts of varying maturity, size and yield. The objective of this option is to provide stability of principal while providing a competitive rate of return versus other stable value funds.

**Fund:** SEI Stable Asset Fund

**Benchmark:** T-bills – 3 months

**Peer Group:** Prima Capital Taxable Short-term Mutual Fund Universe

### Fixed Income

This option will be represented by a diversified portfolio comprised primarily of corporate, government, mortgage backed and asset backed fixed income securities. The portfolio will be actively managed and will generally invest in high quality credits rated investment grade by Standard & Poor's or Moody's. The portfolio should be benchmark aware relative to sector exposure and duration

**Fund:** Goldman Sachs Core Fixed Income Institutional Fund

**Benchmark:** Lehman Brothers Aggregate Index

**Peer Group:** Prima Capital Intermediate Taxable High Quality Mutual Fund Universe

### Domestic Large Capitalization Value Equity

This option is intended to provide an actively managed equity alternative that invests primarily in large capitalization stocks and is managed with a value-oriented investment style.

**Fund:** Dodge & Cox Stock Fund

**Benchmark:** Russell 1000 Value Index

**Peer Group:** Prima Capital Large Cap Value Mutual Fund Universe

### Domestic Large Capitalization Growth Equity

This option is intended to provide an actively managed equity alternative that invests primarily in large capitalization stocks and is managed with a growth-oriented investment style.

**Fund:** American Funds Growth Fund of America R5  
**Benchmark:** Russell 1000 Growth Index  
**Peer Group:** Prima Capital Large Cap Growth Mutual Fund Universe

### **Domestic Large Capitalization Equity Index**

This option is intended to provide diversified domestic equity portfolio, which is designed to achieve returns and risk that replicate the S&P 500 Index.

**Fund:** SSgA S&P 500 Index Fund  
**Benchmark:** S&P 500 Index  
**Peer Group:** N/A

### **Domestic Mid Capitalization Equity**

This option is intended to provide an actively managed mid capitalization equity alternative. The portfolio will invest primarily in the common stock of mid capitalization companies and be managed with a core/style neutral investment style.

**Fund:** Lazard MidCap Institutional Fund  
**Benchmark:** Russell Mid Cap Index  
**Peer Group:** Prima Capital Mid Cap Core Mutual Fund Universe

### **Domestic Small Capitalization Equity**

This option is intended to provide an actively managed small capitalization equity alternative. The portfolio will invest primarily in the common stock of smaller capitalization companies and be managed with a core/style neutral investment style.

**Fund:** Oppenheimer Main Street Small Cap Y Fund  
**Benchmark:** Russell 2000 Index  
**Peer Group:** Prima Capital Small Cap Core Mutual Fund Universe

### **International Equity**

This option is intended to provide exposure to the developed international equity markets; however, manager may invest in both developed and undeveloped markets opportunistically. This fund will be actively managed and will generally invest in medium-to-larger companies of each local exchange. The fund can be managed with a core, growth or value investment style.

**Fund:** American Funds EuroPacific Growth AFund  
**Benchmark:** MSCI EAFE Index  
**Peer Group:** Prima Capital International Equity Mutual Fund Universe

### **Company Stock Fund**

The objective of this option is to provide long-term capital appreciation and an opportunity for participants to increase their ownership in their employer. The volatility of this fund may be significant, as it is an undiversified position in a single security. This investment option is no longer active; holdings are limited to balances in the Company Stock Funds to the extent that shares of the former Compass Bancshares, Inc. were exchanged for BBVA ADSs in September 2007 and have been maintained subsequently in the Company Stock Funds (i.e., not reinvested into other investment options).

**Fund:** Company Stock Fund  
**Primary Benchmark:** S&P 500 Index  
**Peer Group:** N/A

**Asset Allocation Models (verify)**

This option is intended to provide a range of diversified portfolios comprised of cash-equivalent short-term interest-bearing investments, fixed income securities, common stocks (domestic and international), and/or other asset classes adopted by the Retirement Committee. These options are intended for those participants not interested in making active asset allocation decisions. Each model represents a unique asset allocation strategy based on a risk-return analysis. Asset class allocations within a model, the strategic asset classes within a model, and/or the funds representing any strategic asset class within a model may change upon approval by the Retirement Committee.

**Funds:**

Fund Name	Strategic Asset Class	Conservative Model %	Moderate Model %	Moderate Aggressive Model %	Aggressive Model %
SEI Stable Asset	Stable Value	40	25	10	-
Goldman Sachs Core Fixed Income Instl	Domestic Bonds	30	20	15	5
Dodge & Cox Stock	Equity Large-Cap Value	15	21	25	29
Growth Fund of America	Equity Large-Cap Growth	9	15	19	23
Oppenheimer Main St. Small Cap	Equity Small-Cap Core / Blend	-	5	12	19
American Funds EuroPacific	Equity International Developed	6	14	19	24

*Funds included in each of the models are separately monitored; specific performance guidelines for the models are not applicable.*

## Performance Standards for Investment Options

Each actively managed investment option will be measured against its benchmark and peer group for the measurement periods outlined below. All performance measurements will be net of fees.

Measurement Period	Index Comparison	Peer Group Comparison
<b>Less than one market cycle</b> (Multiple rolling 3-year periods)	The risk-adjusted rate of return should exceed the risk-adjusted return of the Benchmark Index over most rolling periods.	The risk-adjusted rate of return should exceed the median risk-adjusted return of the fund's peer group over most rolling periods.
<b>One market cycle</b> (Multiple rolling 5-year periods)	The risk-adjusted rate of return should exceed the risk-adjusted return of the Benchmark Index.  The standard deviation of quarterly returns should be less than 133% of the Benchmark Index. <sup>1</sup>	The risk-adjusted rate of return should exceed the median risk-adjusted return of the fund's peer group.

## Supplemental Performance Guidelines

### *Stable Value Option*

The stable value option will also be monitored for stability in return and average weighted quality of the portfolio.

### *Domestic Equity Index Option*

Each passively managed option will be expected to have tracking error within +/- 30 basis points (annualized), relative to its respective index, over rolling three-year periods versus its benchmark.

### *Company Stock Fund*

Results for the company stock fund will be tracked against its assigned benchmark for comparison purposes only. While there is no way to predict or control the return of this fund, this comparison may be helpful in providing the Retirement Committee with some frame of reference regarding the performance of the Company Stock Fund. The Company Stock Fund is not an active investment option.

### *Asset Allocation Models*

- The Asset Allocation Models are structured to target various risk tolerances (ranging from conservative to aggressive) and are designed to assist those participants desiring an appropriate pre-diversified portfolio rather than independently designing their own portfolio. Participants choosing a model may not allocate any portion of their contributions to any other investment option, except for the Company Stock Fund.
- The guidelines below will be applied to the Asset Allocation Models to ensure that the objectives above are met.

<sup>1</sup> Additional volatility should be commensurate with a higher rate of return.

- The funds will be rebalanced once a quarter by the Plan's recordkeeper to minimize deviations from the targeted asset allocation approved by the Retirement Committee.
- The Retirement Committee will undertake a review of the targeted asset allocation of each model every five years, or more frequently as needed. The review of the asset allocation should also incorporate a review of the benchmark and peer group comparisons used for each individual fund.
- The Retirement Committee will undertake a review of the participants' usage of the Asset Allocation Models no less than annually. The primary objective of this review is to ensure that the models are being utilized in an appropriate manner by the participants with respect to their asset allocation decisions.

## Participant Education

### Review of Investment Policy and Investment Managers

The Retirement Committee will review the investment objectives of the Plans and the performance of the investment managers no less than annually. The review will focus on the continuing feasibility of achieving the objectives and the continued appropriateness of the managers and this Policy for the benefit of the Plans. Notwithstanding any provision of this Policy, if any part of this Policy conflicts with a term or condition of the respective Plan, the Plan shall control.

### Communication of Investment Education Information to Participants

The Plans will communicate in writing to participants various investment education principles and may provide additional investment education and planning tools. The Retirement Committee annually will review the effectiveness of such education materials. The Plan will communicate to participants that they control the investment of their own contributions and any earnings thereon and that they may make investment changes as often as allowed by the Plans.

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Compass Bancshares, Inc. Retirement Committee


Prima Capital Management, Inc.

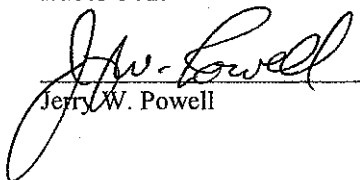
  
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